

## **Unit I: Tally Accounting - Introduction**

Tally Accounting is one of India's first software products. It is a software used for financial accounting purposes. The name is inspired by the word "Tally" which means to count, to keep the record. Tally is a complete business solution for any kind of Business Enterprise.

Tally is a wonderful accountancy, Inventory and taxation package. It has 1.5 million customers around the globe, over 100 countries. It is user friendly, simple and flexible.

Tally Solutions Pvt. Ltd., is an Indian multinational company that provides enterprise resource planning software. It is headquartered in Bengaluru, Karnataka India.

### **Tally History:**

Tally package was founded by Shri. Shyam Sunder Goenka and Shri. Bharat Goenka.

Bharat Goenka is an industrialist from India. He is the co-founder and managing director of Tally Solutions. In 2020, he received the Padma Shri honour from the Government of India for his contribution in the field of trade and industry

In 1986, Bharat and his team designed and developed an accounting software named "PETROUNICS FINANCIAL ACCOUNTANT".

It was the first code less accounting package. It functioned only as basic accounting.

Petrounics Financial Accountant package was renamed as Tally in 1988.

Petrounics Pvt Limited company was formally renamed its company name to TALLY SOLUTIONS in 1999.

## **Versions of Tally :**

### **TALLY 3.0**

This version was released in 1990. It was basic accounting software only and fulfilled the needs of small enterprises . It was run in Microsoft Disk Operating (MS – DOS) only.

Tally 4 : This version was released in the year 1992. This was also an MS DOS based application and better version than previous versions.

Tally 4.5: This version was released in 1994 and like previous versions, this was also ms dos based application.

Tally 5: This version was released in the year 1996. This was the first version of tally with windows operating system. And this version also included Inventory modules. Inventory means, stock and godowns maintenance.

Tally 5.4: This version was released in 1996 and updated version of 5.0. Tally 5.4 version has data import facility and it can convert old data formats to newer one.

Tally 6.3 : This version was released in 2001. This version has open database connectivity (ODBC) which can interact with other systems.

Tally 7.2: This version was released in 2005. This version has a taxation system. It included the taxes like Value added tax (VAT),

Central sales Tax (CST), Tax Deduction at source (TDS), Tax collection at source (TCS) and Service Tax.

Tally 8.1: This version was released in 2006. It has the feature of Multi Languages and support for 10 languages.

Tally 9.0 : This version also released in 2006, and updated version of 8.1. In this version, Multi Language support increased to 13. And new features like Payroll, Point Of Sale (POS) included in this .

TALLY ERP 9 : ERP stands for Enterprise Resource Planning. This is the version which can give industries a complete business solution. This version includes remote access, tally. net, remote access and data security etc. The latest version of Tally is 6.6.2 and released on 19-05-2020.

**Features of Tally:** The features of Tally are as follows:

1. **Simplicity:** Tally.ERP 9 accounting software is easy to set up, simple to use and is designed to simplify the complex day to day activities associated in an enterprise. It allows easy Keyboard operations and requires basic knowledge of Accounts and English to use it.
2. **Auditors' Edition:** A special Auditors' Edition is offered by Tally.ERP9, which provides auditing and compliance capabilities exclusively for Chartered Accountants.

3. **Remote Access:** Tally.ERP9 provides its users with remote capabilities to access the data from any location whatsoever at any point in time.
4. **Scalability:** Tally.ERP9 suits any style of business needs and eliminates the necessity for a business to change its style of operation, in order to adapt to the nature of the application.
5. **Power:** Tally.ERP9 allows users to maintain multiple companies and with unlimited levels of classification & grouping capabilities. It even allows drill-down facility from report level to the transaction level.
6. **Accounting without Codes:** Tally.ERP9 allows accounting with the regular names without any account codes.
7. **Real-time processing:** Real-time processing allows immediate posting and updating of books of accounts as soon as the transactions are entered, thereby facilitating instant statements and reports. It also facilities a real-time and multi-user environment.
8. **Concurrent multilingual capability:** Tally.ERP9 offers its users with the exclusive capability of maintaining their accounts in any Indian language, viewing them in another language and printing them in yet another Indian language.
9. **Flexibility:** Tally.ERP9 comes with a flexible option to generate instant reports for any given period, either month or a year or at any given point of time besides providing the facility to switch between Accounting & Inventory reports of the same company or between companies.

**10. Speed:** Tally.ERP9 provides the capability to generate instant and accurate reports, which assists the management to take timely and correct decisions for the overall productivity and growth of the organization.

**Advantages of Tally:** The advantages of Tally are as follows:

1. Data reliability and security: In Tally, the entered data is reliable and secure. There is no scope of entering the data, after being entered into the software.

2. Payroll management: Several calculations that need to be made while disbursing salary to employees. Tally is used to maintain the financial record of the company that includes net deduction, net payment, bonuses, and taxes.

3. Management in the banking sector: Banks use Tally to manage various user accounts, and also calculate interests on deposits. Tally Support can make the calculation easy and banking simpler.

4. Ease of maintaining a budget: Tally is used to maintain the budget. Tally is used to help the companies to work and manage expenses by keeping in mind the total budget which is being allotted.

5. Simple tax returns filing: Tax GST is used to ensure that the company complies with all GST norms. Tax GST takes care of service tax returns, excise tax, VAT filing, TDS return, and profit and loss statement for all small businesses.

6. Audit tool for compliance: It acts as an audit tool. It is used to carry out regular audits of companies. It does a thorough compliance check towards the financial year beginning and ensures that all the monetary transactions are smoothly being carried out.

7. Remote Access of Data: In Tally, employees can access the financial data using the unique User ID and password. The logging and access of data can be done by sitting at the comforts of one's office or house.

8. Quick Access to Documents: Tally can save all invoices, receipts, bills, vouchers in its archive folder. Using the Tally, we can quickly access any of the previously stored documents. We can immediately retrieve all the billing related files.

9. Control Centre: works as an interface between the user and Tally.ERP9 installed at different sites and enables the user to centrally configure and administer Site or User belonging to an account.

10. Customization : Tally customization makes the software suitable for distinctive business functions.

**Differences Between Manual and Computerized Accounting:**

Basis	Manual accounting	Computerised accounting
i) Recording of transactions	Transactions are recorded manually.	Transactions are recorded using computers.
ii) Storage	Transactions are stored in volumes of books.	Transactions are stored in well-designed databases.
iii) Preparation of ledger accounts, trial balance and financial statements	Ledger accounts, trial balance and financial statements are prepared manually.	Once journal entries are passed or subsidiary books are entered, data are processed automatically and ledger accounts, trial balance and balance sheet are automatically prepared.
iv) Preparation of report	Analysis of financial statements and preparation of report are to be done manually.	Financial statement analysis such as ratio analysis, preparation of cash flow statement, etc. is automatically done.
v) Time involved	It takes lot of time as everything from journalising to report generation is done manually.	It saves lot of time. Time is taken only for passing journal entries or entering data in subsidiary books. Once data are entered, preparation of ledger, trial balance, financial statements or report generation is done within seconds.
vi) Cost involved	The cost is high in manual accounting as several books of account are to be maintained.	The cost is less compared to manual accounting as all the records are kept in soft copy.
vii) Retrieval of data	It becomes difficult and time consuming to retrieve data as several books have to be gone through.	Retrieval of data is easier as the records are kept in soft copy in data base. By giving instructions, data can be retrieved quickly.
viii) Accuracy	Certain clerical errors such as arithmetical, error in carrying forward, etc. can happen.	If the input given is correct, the output will also be correct. Arithmetical error, error in carrying forward will not happen provided the programming is correct.

ix) Communication of report	Communication of report takes time and it is difficult as it has to be done manually to the users of information.	It is easier and takes lesser time. The report is in soft copy and if online facility is available, it can be communicated to the users very easily at any time and at any place.
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## Important Terminology of Accounts:

**Account:** An Account keeps the records in a classified manner in the general ledger. A record of financial transactions for an Asset, Individual, Organization, Expense or Income.

### Debit & Credit:

Debits and credits are terms used by bookkeepers and accountants when recording transactions in the accounting records. The amount in every transaction must be entered in one account as a debit *and* in another account as a credit. The first use of the terms observed in Luca Pacioli's 1494 book "All about Arithmetic, Geometry, Proportions and Proportionality".

'Debit' came from the Latin words *debere* which means 'to owe' and 'Credit' from *credere* which means 'to entrust' Assets were owed to the owner and the owners' equity was entrusted to the company.

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